

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6734

BILL NUMBER: HB 1274

DATE PREPARED: Jan 3, 2002

BILL AMENDED:

SUBJECT: Use of appraisals for property tax purposes.

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FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that an appraisal of a single family residence is admissible evidence of the assessed value of the residence for purposes of an initial assessment, a reassessment, or a review on appeal.

Effective Date: January 1, 2002 (retroactive).

Explanation of State Expenditures: The number of assessments appealed to the Indiana Board of Tax Review could increase under this proposal.

Explanation of State Revenues: The State levies a small tax rate for State fair and State forestry. Any change in the assessed value base will affect the property tax revenue for these two funds.

Explanation of Local Expenditures: The number of assessments appealed to the local property tax boards of review could increase under this proposal.

Explanation of Local Revenues: The above proposal may result in changes in assessed valuations assigned to real property for property tax purposes. The new real property assessment rule limits the use of appraisals in the determination of assessed values. The proposal provides a blanket approval of the use of appraisals in determining property values, effectively eliminating the limitations placed on the use of appraisals in the new rule. Providing that appraisals can be used in determining assessed values could result in changes in assessed valuation determinations. Changes in the assessed value can affect the distribution of the tax burden among all property tax payers. The actual fiscal impact is indeterminable, but would depend on the difference in assessed values that results from the two methodologies.

State Agencies Affected: Indiana Board of Tax Review.

Local Agencies Affected: County auditors; Property tax boards of review.

Information Sources: